

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3468-02
BILL NO.: HB 1588
SUBJECT: Distribution of Motor Fuel Tax Funds
TYPE: Original
DATE: February 29, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	\$0	(\$11,061,000)	(\$16,141,000)
State Road Fund	\$0	\$11,061,000	\$16,141,000
Highway Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Public Safety - Division of Highway Safety** and the **Office of the State Treasurer** assume the proposal would have no fiscal impact to their agencies.

Officials of the **Office of the State Auditor (SAO)** note that in the past three fiscal years, highway fund appropriations to their office have increased by approximately 5% in personal services only. They assume the proposal would stop all future increases after FY 2001. The funding lost in FY 2002 due to the freeze at the FY 2001 level is assumed to be 5% of the FY 2001 governor-recommended highway fund personal service appropriation (\$626,806). The funding lost in FY 2003 is assumed to be 5% of the FY 2002 amount (\$658,146). SAO officials assume that general revenue would replace the loss of funding totaling \$31,340 in FY 2002 and \$32,907 in FY 2003.

Officials of the **Department of Revenue (DOR)** assume that limiting the amount that state agencies and departments can receive from motor fuel tax funds to FY 2001 costs would have no immediate administrative impact to DOR, but DOR would have to seek alternative funding in the motor vehicle and drivers license area and tax area. DOR now administers auto and drivers license functions with highway funds and collects the actual tax using highway funds. The amounts received from the highway fund are substantial. DOR now receives just over \$10.2 million to administer all of the motor vehicle and drivers licensing functions and to collect approximately \$700 million in motor fuel taxes. In addition, DOR officials assume that the Highway Reciprocity Commission would be seriously impacted if they were unable to receive increased appropriations to make Interstate Fuel Tax Agreement fuel tax refunds.

Officials of the **Department of Natural Resources (DNR)** note that in their FY01 budget request they have \$80,436 appropriated from the state highway fund. DNR uses these funds to complete reviews of environmental impact statements for transportation projects. Imposing a cap on these funds would limit the department's efforts to the FY01 funding level.

Officials of the **Department of Public Safety - Missouri Highway Patrol (MHP)** assume the impact to their agency could be severe. In FY 2000 approximately 72% of their funding came from Highway appropriations. If the fund were capped, future funding would have to be provided through General Revenue (or some other alternate source) to offset this loss. Otherwise, the Patrol would be forced to cut back services in such areas as Drivers' Examination, Motor Vehicle Inspection, Commercial Vehicle Enforcement and enforcement on Missouri's highways. The impact of the cuts would grow with each subsequent year. MHP assumes that

ASSUMPTION (continued)

alternate funding would not be easily obtainable, and that substantial cuts in services would become necessary. Fiscal impact to MHP is unknown beginning in FY 2002.

Officials of the **Department of Economic Development - Division of Motor Carrier and Railroad Safety** assume the legislation will limit the Division's Highway Fund appropriation for fiscal years 2001 and beyond to the amount appropriated for fiscal year 2001. The Division would not be able to provide for any pay raises for those employees funded from Highway Fund appropriations. Thus, the Division would be forced to lay-off some employees to provide funds for the other employees' pay raises or to ask for General Revenue Fund appropriations for the pay raises. By limiting the expense and equipment appropriations to the fiscal year 2001 appropriation, the future of the Division's safety programs may be compromised should additional funds be needed. Also, the Division may have to refuse additional Motor Carrier Safety Assistance Program (MCSAP) funds (federal monies) that require a 20% Highway Fund match.

Officials of the **Department of Transportation (MoDOT)** assume the legislation establishes appropriation caps on other state agencies from the State Highway and Transportation Fund (SHTF) at FY 2001 levels. The resulting increase to MoDOT's appropriation from the SHTF is \$10,100,000 in FY 02, \$14,200,000 in FY 03, and \$18,300,000 in FY04. These figures are calculated with an annual growth of the current cap at 2.1%. The projected appropriations to other state agencies with the growth is as follows:

Projected 2001	\$183,700,000
Projected 2001 Cap	\$187,900,000
Projected 2002 Cap	\$193,800,000
Projected 2003 Cap	\$197,900,000
Projected 2004 Cap	\$202,000,000
Projected 2005 Cap	\$206,300,000

In response to a similar proposal, officials of the **Office of Administration - Division of Budget and Planning (OA)** assumed that the proposal also makes motor fuel tax refund appropriations subject to the cap on SHTF expenditures. Consequently, OA assumes general revenue would be required to pay for all future increases in motor fuel tax refunds in excess of the FY01 SHTF appropriation for this purpose. OA officials estimate that the costs to general revenue for motor fuel tax refunds would be an additional \$961,000 in FY 2002 and \$1,941,000 in FY 2003.

Oversight confirmed with MoDOT and OA that the figures provided by MoDOT do not include estimates for capping appropriations for motor fuel tax refunds. The total amounts for reduced
ASSUMPTION (continued)

highway fund appropriations, including capping motor fuel tax refunds, would be \$11,061,000 for FY 2002 and \$16,141,000 for FY 2003. Oversight has reflected a corresponding total for reduced distributions to state agencies (which would include Department of Revenue, Department of Natural Resources, Department of Public Safety - Missouri Highway Patrol and Division of Highway Safety, Department of Economic Development - Division of Motor Carrier and Railroad Safety, Office of Administration, Office of the State Treasurer and Office of the State Auditor). For fiscal note purposes, it is assumed that general revenue will offset the reduced highway funding for the state agencies.

	FY 2001	FY 2002	FY 2003
<u>FISCAL IMPACT - State Government</u>	(10 Mo.)		

STATE ROAD FUND

Income-Department of Transportation
(MoDOT)

Increased appropriations from State Highway Fund	<u>\$0</u>	<u>\$11,061,000</u>	<u>\$16,141,000</u>
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STATE HIGHWAY FUND

<u>Savings</u> -reduced distributions to state agencies	\$0	\$11,061,000	\$16,141,000
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<u>Costs</u> - increased distributions to MoDOT	<u>\$0</u>	<u>(\$11,061,000)</u>	<u>(\$16,141,000)</u>
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ESTIMATED NET EFFECT ON STATE HIGHWAY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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GENERAL REVENUE FUND

<u>Costs</u> - appropriations to state agencies to offset loss of highway funds	<u>\$0</u>	<u>(\$11,061,000)</u>	<u>(\$16,141,000)</u>
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	FY 2001	FY 2002	FY 2003
<u>FISCAL IMPACT - Local Government</u>	(10 Mo.)		
	\$0	\$0	\$0

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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

The proposal would limit the amounts that state agencies other than the Department of Transportation receive from the state highway fund to the amounts appropriated for fiscal year 2001.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Transportation
Office of Administration - Division of Budget and Planning
Office of the State Auditor
Office of the State Treasurer
Department of Economic Development - Division of Motor Carrier and Railroad Safety
Department of Public Safety - Missouri Highway Patrol and Division of Highway Safety
Department of Revenue
Department of Natural Resources



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